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FISCAL POLICIES MANUAL

CHANGE FUND

PREFACE

A change fund may be established for an agency from either an authorized rotary account or an agency operating fund. A change fund is an amount established by an agency to provide change for customers transacting business on the agency premises. A change fund is generally a small amount by nature and must be reconciled to the established amount daily and periodically verified by an independent person.

DEFINITIONS

Rotary Account - A revolving account created within an agency's fund structure to expedite disbursements. All disbursements are subsequently recorded in an operating fund when reimbursements to the rotary account are made from the operating fund.

Change Fund - An amount of cash needed for making appropriate change to customers (not to be used for making purchases).

POLICY

Change funds shall be established at the discretion and approval of the agency management, in an amount deemed necessary to effect operational efficiency. A change fund may be established from either the agency's rotary account or operating fund. **A change fund shall not be established from incoming cash receipts.**

The rotary account disbursing officer or the officer's delegate shall be held responsible and accountable for all change fund activity, for the money transferred from the rotary account to change funds, and for money transferred from the agency operating fund to a change fund.

If the agency establishes the change fund from its operating fund but has no rotary account disbursing officer, a change fund disbursing officer must be assigned. The change fund disbursing officer or the officer's delegate shall be held responsible and accountable for the money transferred from the agency operating fund to a change fund.

FISCAL IMPACT

Establishing a change fund from an authorized rotary account has no effect on the cash balance of the agency's operating fund.

Establishing a change fund from an agency operating fund would reduce the available cash balance in the fund by the amount used to establish the change fund.

PROPER USE OF A CHANGE FUND

The change fund should be kept in a secure location and should only be used in the agency's normal course of business to make change for customers. The change fund must be reconciled to the established amount each day using the following general guidelines:

- Change fund amount never changes from day to day.
- Separate authorized change fund amount from the day's receipts.
- Record day's receipts to appropriate revenue coding – including any overage or shortage.

Under no circumstances should a change fund be used to:

- Purchase materials, supplies or services which could be paid for by state warrant or by P-Card.
- Cash personal checks.
- Purchase personal items for employees.
- Extend cash advances to employees.
- Any other non-state business purposes.

ADMINISTRATIVE PROCEDURES

TO ESTABLISH OR INCREASE A CHANGE FUND FROM A ROTARY ACCOUNT

1. A rotary account sight draft should be drawn on the agency's rotary account, payable to the change fund disbursing officer.
2. Sight drafts payable to "change fund" or "cash" will not be honored by the State Treasurer.
3. The disbursing officer should cash the sight draft.

CLOSING THE CHANGE FUND TO A ROTARY ACCOUNT

1. Reconcile to the established amount.
2. Deposit the cash in the originating rotary fund.

TO ESTABLISH OR INCREASE A CHANGE FUND FROM AN OPERATING FUND

1. Notify the State Controller's Office (SCO) of need to establish or increase a change fund from an operating fund. Identify a subsidiary number to use to track the amount of the change fund within the operating fund. Use TC 726 with a Subsidiary Number to create change fund.
2. TC 726 issues a state warrant. This state warrant should be drawn on the agency's operating fund, payable to the change fund disbursing officer. SCO is required to release the batch containing the TC 726.
3. Sight drafts payable to "change fund" or "cash" will not be honored by the State Treasurer.
4. The disbursing officer should cash the state warrant.

CLOSING THE CHANGE FUND TO AN OPERATING FUND

1. Reconcile to the established amount.
2. Deposit all cash into the originating operating fund in a J batch, TC 727 and the original subsidiary number.
3. Notify SCO to okay the J batch and the State Treasurer's Office to release it.